

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	8 May 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2018/2019 - Finance and Corporate Resources
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2018 to 1 March 2019 for Finance and Corporate Resources
- ◆ provide a forecast for the year to 31 March 2019

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the forecast to 31 March 2019 of a breakeven position, as detailed in Appendix A of the report, be noted;
- (2) that a breakeven position as at 1 March 2019, as detailed in Appendix A of the report, be noted; and
- (3) that the proposed budget virements be approved.

3. Background

3.1. This is the fourth revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2018/2019.

3.2. The report details the financial position for Finance and Corporate Resources on Appendix A, along with variance explanations in Appendices B-G.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the forecast for the revenue budget to 31 March 2019 is a breakeven position **before** transfers to reserves. As there are no proposed transfers to reserves, the forecast remains a breakeven position **after** transfers to reserves. This is detailed in Appendix A.

5.2. **Position as at 1 March 2019:** As at 1 March 2019, there is a breakeven position against the phased budget. The Resource position as outlined in Appendix A reflects transfers from reserves that have taken place during the financial year and have been previously reported to the Committee.

6. Other Implications

- 6.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 6.2. There are no implications for sustainability in terms of the information contained in this report.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 7.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

10 April 2019

Link(s) to Council Values/Objectives

- ♦ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ♦ None

List of Background Papers

- ♦ Financial ledger and budget monitoring results to 1 March 2019

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Finance and Corporate Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19	% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	33,116	33,125	(9)	(9)	29,078	29,144	(66)	over	(0.2%)
Property Costs	2,685	2,810	(125)	(125)	2,200	2,281	(81)	over	(3.7%)
Supplies & Services	5,386	5,525	(139)	(139)	4,885	4,995	(110)	over	(2.3%)
Transport & Plant	102	76	26	26	89	63	26	under	29.2%
Administration Costs	7,575	7,520	55	55	6,185	6,105	80	under	1.3%
Payments to Other Bodies	4,350	4,022	328	328	3,295	3,012	283	under	8.6%
Payments to Contractors	278	336	(58)	(58)	270	339	(69)	over	(25.6%)
Transfer Payments	80,897	79,219	1,678	1,678	73,798	72,240	1,558	under	2.1%
Financing Charges	1,214	1,184	30	30	1,032	999	33	under	3.2%
Total Controllable Exp.	135,603	133,817	1,786	1,786	120,832	119,178	1,654	under	1.4%
Total Controllable Inc.	(101,695)	(99,909)	(1,786)	(1,786)	(84,891)	(83,237)	(1,654)	under recovered	(1.9%)
Net Controllable Exp.	33,908	33,908	0	0	35,941	35,941	0	-	0.0%

Variance Explanations

Variance explanations are shown in Appendices B to G as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Finance Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	14,693	14,469	224	224	12,897	12,726	171	under	1.3%	1
Property Costs	2,077	2,145	(68)	(68)	1,656	1,690	(34)	over	(2.1%)	
Supplies & Services	809	900	(91)	(91)	647	698	(51)	over	(7.9%)	2
Transport & Plant	12	5	7	7	10	5	5	under	50.0%	
Administration Costs	1,212	1,243	(31)	(31)	1,039	1,040	(1)	over	(0.1%)	
Payments to Other Bodies	495	487	8	8	495	491	4	under	0.8%	
Payments to Contractors	277	336	(59)	(59)	269	331	(62)	over	(23.0%)	3
Transfer Payments	80,897	79,219	1,678	1,678	73,798	72,240	1,558	under	2.1%	4
Financing Charges	216	185	31	31	141	109	32	under	22.7%	
Total Controllable Exp.	100,688	98,989	1,699	1,699	90,952	89,330	1,622	under	1.8%	
Total Controllable Inc.	(85,276)	(83,880)	(1,396)	(1,396)	(74,728)	(73,481)	(1,247)	under recovered	(1.7%)	5
Net Controllable Exp.	15,412	15,109	303	303	16,224	15,849	375	under	2.3%	

Variance Explanations

- Employee Costs**
The underspend is due to vacancies which are being considered in line with service requirements.
- Supplies and Services**
The overspend is due to additional contract costs in relation to the Benefits and Revenues systems.
- Payments to Contractors**
The overspend relates to increased payments to both Scotland Excel (Procurement) and Tunstall Response (Overspill Alert Alarms) in the financial year.
- Transfer Payments**
The underspend is due to the reduced cost of overpayments as part of the administration of Housing Benefit and is partially offset by an under recovery of income.
- Income**
The under recovery reflects the demand for Housing Benefit and partially offsets an underspend in transfer payments above.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Audit Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19	% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	578	568	10	10	506	511	(5) over	(1.0%)	
Property Costs	0	0	0	0	0	0	0 -	n/a	
Supplies & Services	10	6	4	4	8	5	3 under	37.5%	
Transport & Plant	0	0	0	0	0	0	0 -	n/a	
Administration Costs	8	5	3	3	7	4	3 under	42.9%	
Payments to Other Bodies	0	0	0	0	0	0	0 -	n/a	
Payments to Contractors	1	0	1	1	1	0	1 under	100.0%	
Transfer Payments	0	0	0	0	0	0	0 -	n/a	
Financing Charges	4	3	1	1	3	3	0 -	0.0%	
Total Controllable Exp.	601	582	19	19	525	523	2 under	0.4%	
Total Controllable Inc.	(254)	(230)	(24)	(24)	(62)	(43)	(19) under recovered	(30.6%)	1
Net Controllable Exp.	347	352	(5)	(5)	463	480	(17) over	(3.7%)	

Variance Explanations**1. Income**

The under recovery is due to less than anticipated income from SEEMIS in the financial year reflecting the level of service provided.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	5,456	5,537	(81)	(81)	4,772	4,830	(58)	over	(1.2%)	1
Property Costs	435	502	(67)	(67)	373	428	(55)	over	(14.7%)	2
Supplies & Services	3,453	3,493	(40)	(40)	3,227	3,261	(34)	over	(1.1%)	
Transport & Plant	9	4	5	5	9	4	5	under	55.6%	
Administration Costs	1,568	1,546	22	22	1,298	1,285	13	under	1.0%	
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	8	(8)	over	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	564	556	8	8	554	548	6	under	1.1%	
Total Controllable Exp.	11,485	11,638	(153)	(153)	10,233	10,364	(131)	over	(1.3%)	
Total Controllable Inc.	(7,207)	(7,294)	87	87	(5,049)	(5,114)	65	over recovered	1.3%	3
Net Controllable Exp.	4,278	4,344	(66)	(66)	5,184	5,250	(66)	over	(1.3%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

2. Property Costs

The overspend is due to increased electricity costs at Caird Data Centre.

3. Income

The over recovery is due to increased recharges for corporate telephony in the financial year.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Personnel Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	6,540	6,555	(15)	(15)	5,782	5,815	(33)	over	(0.6%)	
Property Costs	146	147	(1)	(1)	146	148	(2)	over	(1.4%)	
Supplies & Services	314	267	47	47	294	265	29	under	9.9%	
Transport & Plant	38	25	13	13	31	18	13	under	41.9%	
Administration Costs	1,706	1,611	95	95	1,253	1,157	96	under	7.7%	1
Payments to Other Bodies	3,049	2,744	305	305	2,012	1,757	255	under	12.7%	2
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	41	43	(2)	(2)	32	36	(4)	over	(12.5%)	
Total Controllable Exp.	11,834	11,392	442	442	9,550	9,196	354	under	3.7%	
Total Controllable Inc.	(3,557)	(3,309)	(248)	(248)	(1,464)	(1,281)	(183)	under recovered	(12.5%)	3
Net Controllable Exp.	8,277	8,083	194	194	8,086	7,915	171	under	2.1%	

Variance Explanations**1. Administration Costs**

The underspend is mainly due to the reduced cost of corporate training in the financial year.

2. Payment to Other Bodies

The underspend is mainly due to the reduced cost of employability programmes in the financial year.

3. Income

The under recovery is mainly due to the reduced funding required from the Training Fund in the financial year and is offset by an underspend in the cost of Modern Apprentices.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Administration, Legal and Licensing Services

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	4,061	4,196	(135)	(135)	3,558	3,689	(131)	over	(3.7%)	1
Property Costs	27	16	11	11	25	15	10	under	40.0%	
Supplies & Services	122	129	(7)	(7)	113	143	(30)	over	(26.5%)	
Transport & Plant	15	16	(1)	(1)	14	12	2	under	14.3%	
Administration Costs	2,066	2,051	15	15	1,819	1,804	15	under	0.8%	
Payments to Other Bodies	723	710	13	13	705	683	22	under	3.1%	
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	33	33	0	0	15	16	(1)	over	(6.7%)	
Total Controllable Exp.	7,047	7,151	(104)	(104)	6,249	6,362	(113)	over	(1.8%)	
Total Controllable Inc.	(2,552)	(2,533)	(19)	(19)	(1,465)	(1,374)	(91)	under recovered	6.2%	2
Net Controllable Exp.	4,495	4,618	(123)	(123)	4,784	4,988	(204)	over	(4.3%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

2. Income

The under recovery is due to less than anticipated income from private hire / taxi operator and driver licence renewals in the financial year.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 1 March 2019 (No.13)

Communications and Strategy Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/03/19	Actual BEFORE Transfers 01/03/19	Variance 01/03/19		% Variance 01/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	1,788	1,800	(12)	(12)	1,563	1,573	(10)	over	(0.6%)	
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	678	730	(52)	(52)	596	623	(27)	over	(4.5%)	
Transport & Plant	28	26	2	2	25	24	1	under	4.0%	
Administration Costs	1,015	1,064	(49)	(49)	769	815	(46)	over	(6.0%)	1
Payments to Other Bodies	83	81	2	2	83	81	2	under	2.4%	
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	356	364	(8)	(8)	287	287	0	-	0.0%	
Total Controllable Exp.	3,948	4,065	(117)	(117)	3,323	3,403	(80)	over	(2.4%)	
Total Controllable Inc.	(2,849)	(2,663)	(186)	(186)	(2,123)	(1,944)	(179)	under recovered	8.4%	2
Net Controllable Exp.	1,099	1,402	(303)	(303)	1,200	1,459	(259)	over	(21.6%)	

Variance Explanations**1. Administration Costs**

The overspend relates to advertising expenditure and is offset by an over recovery of income from the recharge to South Lanarkshire Leisure and Culture Trust.

2. Income

The under recovery is due to less than anticipated income from external work completed to date, partially offset by an over recovery of income from the recharge to South Lanarkshire Leisure and Culture Trust in relation to advertising (see 2. above).